

EUGENE WATER & ELECTRIC BOARD
STRATEGIC PLANNING SESSION
EWEB BOARD ROOM
MAY 27, 2014*
5:00 P.M.

**Audio file available to the public upon request.*

Commissioners Present: John Brown, President; Steve Mital, Vice President; John Simpson, Dick Helgeson and James Manning

Others Present: General Manager Roger Gray, Erin Erben, Lance Robertson, Mel Damewood, Frank Lawson, Lisa Atkin, Dave Churchman, Alan Fraser, Wally McCullough, Tom Williams, Sibyl Geiselman, Julie Bivens, Sue Fahey, Edward Yan, Harvey Hall, Deborah Hart, Mark Duvall, Steve Mangan, Brad Taylor, Lena Kostopulos, Cathy Bloom, Anne Kah, Mark Freeman, Jeannine Parisi, Lance Robertson, Steve Newcomb and Taryn Johnson of EWEB staff.

President Brown called the meeting to order at 5:00 p.m.

General Manager Gray and Erin Erben, Power & Strategic Planning Manager used presentation slides to briefly recap where we've been and this evening's objectives for interactive discussion and provide management any modifications to bring forth in the July 22 budget discussion.

Ms. Erben reviewed the take-aways from the Strategic Planning Process to present the building blocks for business planning efforts going forward.

Ms. Erben walked through Management's assessment of both utilities "Big Dials" and explained how 'turning the dial' on any can have impacts on customer value. In-other words, you cannot make everything better and turn the lower rate dial.

Ms. Erben reviewed general observations from the Board feedback on the dials:

- Reducing water utility risk, reducing electric utility rates, and enhancing electric utility simplicity are areas of greatest potential change
- Still some ambiguity about how to implement change associated with flexibility/adaptability and simplicity dials.
- Want to see progress as soon as 1 year and most want to see us arrive within 3-5 years
- Enhancing customer service is a key take-away from this round of review that wasn't as clearly or uniformly articulated in the last workshops
- Appears we still want more than we can achieve at the same time. Biggest open question we will try to address tonight is whether we want to prioritize rate reductions now or continue to make strategic investments that cost money now but we believe yield higher value over the long run
- Continuing to seek out efficiency improvements a good idea across all scenarios

Ms. Erben reviewed areas of alignment from the Board and areas of difference:

Areas of Alignment

- Mitigating water supply risk still a top priority
- Lowering rates still a key electric issue
- Rates appear to be most readily influenced through changing reliability / quality dial in addition to seeking out business efficiencies
- Customer service needs to go up for both utilities
- We need to address rate design issues as soon as possible
- General alignment that “greenness” may be reduced (esp. owning renewables)

Areas of Difference

- Relative importance of rates as key point of value
- How long it should take us to reach middle of the pack rates
- Impressions of simplicity/complexity in the electric business and what we need to do about it
- Value of public power
- Meaning of affordability
- Urgency of threats / opportunities

Ms. Erben continued on her presentation to introduce a model of proposed scenarios to be applied through defined scenarios:

- Wild West
- Newtopia
- Oligopoly
- Slow Change

Mel Damewood, Engineering Manager, Frank Lawson, Systems Engineering Supervisor and Wally McCullough, Water Engineering Supervisor applied the model to capital planning scenarios for Long Term Financial Planning.

Ms. Erben defined next steps:

- July 22 Board reviews Long Term Financial Plan
- Define key messages from Strategic Plan appropriate for public review
- Take Key messages to public
- Possible speaker / panel on future utility
- Report findings back to the Board in the Winter 2014
- Begin next Strategic Planning update on a new cycle in the Fall 2015

President Brown adjourned the Strategic Planning Session at 9:00 p.m.